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For more information, contact:
Frances Breyne
Communications Director
785-296-4731

President Bush Signs Moratorium on CMS Medicaid Regulations

As part of the emergency war supplemental appropriations bill, the President has signed into law a Congressional moratorium on six federal Medicaid regulations that were scheduled to take effect in coming months. The President's signature follows a veto-proof 92-to-6 vote in the U.S. Senate and affirms language originally negotiated in the U.S. House of Representatives.

The moratorium ends a long debate between states and the Administration over the proposed regulations, which would limit federal funding for number of Medicaid services, potentially shifting as much as \$49.7 billion in medical costs to states over a five year period. The next Administration will have the option of continuing the debate over Medicaid funding when the moratoria are due to expire April 1, 2009.

The six regulations named in the moratorium addressed a wide range of Medicaid-funded services, including targeted case management, rehabilitation services, school-based services for low-income children, limits on reimbursement to public providers such as KU Hospital, limits on graduate medical education such as the program operating in Via Christi and Wesley Medical Center in Wichita, and limits on the size of provider taxes states are allowed to levy.

The Senate vote extended a similar May 24, 2007 decision by Congress to institute moratorium on these and other proposed regulations initiated by the federal agency that oversees Medicaid, the Center For Medicare and Medicaid Services (CMS). As proposed, the CMS regulations would have cost the state of Kansas over \$23.1 million per year

According to Kansas Medicaid Director, Dr. Andrew Allison, "The overwhelming vote to delay implementation of these regulations is good news to health care consumers and taxpayers in Kansas. The vote gives CMS a chance to reconsider, and provides the next Administration with its opportunity to better define Medicaid as a true partnership with states."

The struggle over the proposed regulations had previously come to a head in May with the release of a U.S. District Court ruling in a lawsuit entitled *Alameda County Medical Center, et al. v. The Honorable Michael O. Leavitt, in his official capacity as Secretary, Department of Health and Human Services, et. Al.* The suit was filed to prevent CMS from implementing a Medicaid regulation that would cut some \$5 billion in federal funding by restricting how states pay public hospitals. The Court held that CMS filed its proposed rule changes after the May 24, 2007 moratorium had taken effect.

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Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

www.khpa.ks.gov

Medicaid and HealthWave:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health
Benefits and Plan Purchasing:
Phone: 785-368-6361
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995